

**ASSOCIATION OF RETARDED  
CITIZENS OF EVANGELINE, INC.**

Ville Platte, Louisiana  
Financial Report  
Year Ended June 30, 2013

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of cash flows	6
Statement of functional expenses	7
Statement of fiduciary net assets	8
Notes to the financial statements	9-11
INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14-15
Schedule of findings and responses	17
Schedule of prior year audit findings	18

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of Association of Retarded Citizens of Evangeline, Inc. (a nonprofit organization), which comprise the statement of financial position and fiduciary net assets as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and fiduciary net assets of the Association of Retarded Citizens of Evangeline, Inc., as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

  
Opelousas, Louisiana  
December 11, 2013

## **FINANCIAL STATEMENTS**

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Financial Position  
June 30, 2013

ASSETS

Current assets:

Cash	\$ 9,308
Revenue receivable	70,976
Prepaid insurance	<u>5,285</u>
Total current assets	<u>85,569</u>

Property and equipment:

Furniture, fixtures and equipment	23,122
Buildings	68,683
Leasehold improvements	38,058
Accumulated depreciation	<u>(61,943)</u>
Total net property and equipment	<u>67,920</u>

Other assets:

Deposits	<u>3,430</u>
Total assets	<u>\$ 156,919</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 42,764
Salaries payable	19,719
Accrued payroll taxes	<u>4,469</u>
Total current liabilities	66,952

Net assets:

Unrestricted	<u>89,967</u>
Total liabilities and net assets	<u>\$ 156,919</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Activities  
For the Year Ended June 30, 2013

Support:	
Title 19 reimbursement	\$ 775,958
Medicaid waiver	292,620
Maintenance contracts	40,378
Nursery, crafts, and thrift sales	90,830
Contribution income	<u>24,407</u>
Total support	<u>1,224,193</u>
Expenses:	
Functional Expenses-	
Program Services	849,494
Management and general	<u>379,651</u>
Total expenses	<u>1,229,145</u>
Change in unrestricted net assets	(4,952)
Unrestricted net assets, beginning	<u>94,919</u>
Unrestricted net assets, ending	<u>\$ 89,967</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Cash Flows  
Year Ended June 30, 2013

Cash flows from operating activities:	
Change in net assets	\$ (4,952)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,384
Decrease in revenue receivable	8,605
Decrease in accounts payable	(1,758)
Increase in salaries payable	2,191
Decrease in accrued payroll taxes	<u>(1,492)</u>
Net cash provided operating activities	6,978
Cash, beginning of period	<u>2,330</u>
Cash , end of period	<u>\$ 9,308</u>

The accompanying notes are an integral part of this statement.



ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Functional Expenses  
Year Ended June 30, 2013

	Program Services	Management and General	Total
Auto expense	\$ -	\$ 35,562	\$ 35,562
Bank charges	-	22	22
Food	45,171	-	45,171
Liability insurance	-	26,601	26,601
Licenses	-	930	930
Management fee	-	128,435	128,435
Medical services	7,190	-	7,190
Miscellaneous	255	1,280	1,535
Non-food	13,168	-	13,168
Non-property taxes	-	68,502	68,502
Office supplies	-	4,405	4,405
Outside services	59,323	-	59,323
Payroll taxes	44,679	4,272	48,951
Personal client needs	5,938	-	5,938
Postage	-	1,926	1,926
Professional fees	-	16,250	16,250
Recreational	6,428	-	6,428
Rent	65,707	-	65,707
Repairs and maintenance	19,491	-	19,491
Salaries	509,513	54,874	564,387
Supplies	34,342	-	34,342
Telephone	-	9,617	9,617
Training in-service	-	825	825
Travel and seminar	-	1,628	1,628
Utilities	33,905	-	33,905
Workman's compensation insurance	-	24,522	24,522
Total expenses before depreciation	845,110	379,651	1,224,761
Depreciation expense	4,384	-	4,384
Total expenses	<u>\$ 849,494</u>	<u>\$ 379,651</u>	<u>\$ 1,229,145</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Fiduciary Net Assets  
June 30, 2013

ASSETS	
Cash	<u>\$13,725</u>
Total assets	<u>13,725</u>
LIABILITIES	
Due to residents	<u>\$13,725</u>
Total liabilities	<u>\$13,725</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Association of Retarded Citizens of Evangeline, Inc., is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The Organization was created on August 11, 1987 to promote and advance charitable, educational, and scientific purposes and to provide for the general welfare of persons who are retarded citizens of the Parish of Evangeline and surrounding areas. The Organization consists of two homes and a center for development located in Ville Platte, Louisiana.

The Board of Directors of the corporation are elected by the members of the Organization, serve variable terms, and receive no compensation.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements of the Organization are presented on the accrual basis of accounting.

C. Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation. The Organization files an annual information tax return with the IRS (Form 990). These tax returns are subject to examination by the taxing authority for a period of three years from the date filed. As of June 30, 2013 the tax year ending after June 30, 2009 remain subject to examination.

D. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the applicable recovery periods, which range from 5 to 31.5 years. The organization maintains a threshold of \$5,000 or more for capitalizing assets.

E. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid and cannot be carried over from year to year. Any liability the Organization might have in this regard at June 30, 2013 is considered immaterial; therefore, no liability has been recorded in the accounts.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies – continued

F. Statement of Cash Flows

The Organization considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Property and Equipment

Property and equipment consisted of the following at June 30, 2013:

Furniture and fixtures	\$ 23,122
Building and improvements	<u>106,741</u>
Total	129,863
Less: Accumulated depreciation	<u>(61,943)</u>
Net property and equipment	<u>\$ 67,920</u>

Depreciation expense was charged to each function as follows:

Program services	\$ 4,384
Management and general	<u>-</u>
	<u>\$ 4,384</u>

Evangeline Association of Retarded Citizens, Inc. (a nonprofit organization), has the same board as Association of Retarded Citizens of Evangeline, Inc., and owns two buildings that Association of Retarded Citizens of Evangeline, Inc. uses rent free.

(3) Social Security System

Employees of the Organization are members of the Social Security System. The organization and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Organization; 7.65% contributed by the employee). The organization's contribution during the year ended June 30, 2013 amounted to \$43,008.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to the Financial Statements

(4) Litigation

There is no litigation pending against the Organization at June 30, 2013 in which the result would have a material adverse effect on the accompanying financial statements, and accordingly, no provision for losses has been recorded.

(5) Third-Party Reimbursements

The Organization receives Medicaid reimbursements for patients living at two separate homes. Each home serves approximately 6-8 patients. Reimbursements are determined according to the patient's level of care.

(6) Operating Leases

The Organization has entered into a number of operating leases, which contain cancellation provisions. For the year ended June 30, 2013, rent expenses approximated \$65,707, for all types of leases, which were all related to program services.

(7) Concentrations

Approximately 88% of the Organization's total revenue for the year consists of Medicaid reimbursements. A significant reduction in the level of this support or suspension in funding may have an effect on the continuing operations of the Association of Retarded Citizens of Evangeline, Inc.

(8) Risk Management

The Organization is exposed to risks of loss in the areas of auto liability, property liability, fidelity bond and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(9) Subsequent Event Review

The Organization's management has evaluated subsequent events through December 11, 2013, the date which the financial statements were available to be issued. As of December 11, 2013, there were no subsequent events noted.

## **INTERNAL CONTROL AND COMPLIANCE**

## RELATED REPORTS

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Association of Retarded Citizens of Evangeline, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association of Retarded Citizens of Evangeline, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Association of Retarded Citizens of Evangeline, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association of Retarded Citizens of Evangeline, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.



To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Page 2

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency. 2013-1.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association of Retarded Citizens of Evangeline, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Association of Retarded Citizens of Evangeline, Inc.'s Response to Findings

Association of Retarded Citizens of Evangeline, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Association of Retarded Citizens of Evangeline, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Opelousas, Louisiana  
December 11, 2013

## **SUPPLEMENTARY INFORMATION**

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana  
Schedule of Findings and Responses  
Year Ended June 30, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Association of Retarded Citizens of Evangeline, Inc.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Association of Retarded Citizens of Evangeline, Inc. were disclosed during the audit.

2013-1 Segregation of Duties

Condition: Due to the small number of employees, the Association of Retarded Citizens of Evangeline, Inc. did not have adequate segregation of functions within the accounting system.

Criteria: Accounting duties should be segregated among employees.

Cause: There are a small number of employees at the Association of Retarded Citizens of Evangeline, Inc. performing the daily operating activities.

Effect: Accounting functions are not segregated.

Response: Due to the nature of the transactions and the size of the entity, accounting functions cannot be segregated.

Contact person: Gary Ortego, Administrator

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana  
Schedule of Prior Year Findings  
Year Ended June 30, 2013

SECTION 1 – Internal Control and Compliance Material to the Financial Statements

Internal Control

2012-1 Segregation of Duties

Unresolved

Compliance

None

SECTION II – Management Letter

None